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**Opening Statement of Congressman John Lewis (D-GA)**  
**Committee on Ways and Means**  
**Hearing on**  
**Internal Revenue Service's Use of**  
**Private Debt Collection Companies to**  
**Collect Federal Income Taxes**  
**May 23, 2007**

Today, the Committee is repeating history. We again are reviewing whether the Treasury Department should be allowed to contract with private debt collectors for federal taxes.

This is not a new question for the Ways and Means Committee. I would like to read from an 1874 Report of the Committee repealing Treasury's authority to use private tax collectors and pay them a commission. It states:

The Committee are of opinion that any system of farming the collection of any portion of the revenue of the Government is fundamentally wrong . . . No necessity for such laws exist . . . the Secretary of the Treasury and the head of the Internal Revenue Bureau are empowered by law to make all collections of taxes . . . The Internal Revenue Bureau is possessed of full knowledge of the laws relating to the collection of the revenue . . . [and] has all the machinery necessary for their full and complete enforcement . . . The Committee, in view of the facts . . . believe that the law . . . should be repealed and the contracts made thereunder should be revoked and annulled.

H.R. REP. NO. 559, 43d Cong., 1st Sess. 9 (1874).

These words are true today—130 years later.

The collection of federal income taxes is a core government function. It is the mission and purpose of the Internal Revenue Service.

Today's private collector program can never work. Taxpayers and the American public deserve better.

- Debt collectors receive up to a 25% bounty on federal income taxes.

- The IRS has 45 employees watching 90 contract employees yet no one has the full story on what they are doing.
- The IRS depends on the collectors to “self-report” complaints of taxpayers.
- GAO investigators have confirmed that contractors have been exercising discretion over who gets offered to take the customer satisfaction survey.
- The program targets low- and middle-income taxpayers rather than those who have the means to protect themselves.
- At the end of the day, most Americans don’t even know that the harassing calls they receive are from debt collectors hired by the IRS.

To date, the collectors have made nearly one million calls in attempts to reach 35,000 taxpayers. Those called have been subject to harassment, confusion, and violations of taxpayer protections.

Mr. Chairman, I ask that a partial list of taxpayer complaints be included in the record. (These materials are attached to my opening statement.)

Mr. Chairman, I also would like to play five calls between an IRS private collector and one taxpayer. I want my colleagues to hear what our constituents are facing as the private collectors attempt to find the correct person owing taxes. I ask that a transcript of these calls be included in the record and that we play them for the Members to hear.

The “cat and mouse” game you are about to hear has captured over 300,000 members of the public. All but 10,000 of these were innocent parties who did not owe any tax. Social security numbers along with tax information must be protected to prevent identity theft and ensure the integrity of our tax system.

I ask, “Who is in charge here?” What have we done? We must end this.

Now, I ask that the audio be played.